



CENTRAL INTELLIGENCE AGENCY

WASHINGTON, D. C. 20505

PUBLIC AFFAIRS

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25 November 1986

Mr. David Burgin, Editor
San Francisco Examiner
110 Fifth
San Francisco, CA 94103

Dear Mr. Burgin:

In his 21 October article "Secret huddle of CIA chief, Saudi king" John Wallach states, "A spokesman for the CIA said: 'We never comment on the Director's travel.'"

Mr. Wallach never called the CIA on this story and no spokesman ever made to Mr. Wallach the comment he attributed to the Agency. In fact, if Mr. Wallach had called, we would have called the story "false." We so characterized this story to other journalists who called about Wallach's article.

CIA resents and protests Mr. Wallach's false story and self-manufactured Agency comment concerning it.

Sincerely,

A handwritten signature in cursive script that reads "George V. Lauder".

George V. Lauder
Director, Public Affairs

SAN FRANCISCO EXAMINER (CA)
21 October 1986

FILE ONLY

Casey sought funds for contras, Angola rebels, source says

Secret huddle of CIA chief, Saudi king

By John P. Wallach
EXAMINER WASHINGTON BUREAU

WASHINGTON — CIA Director William Casey met secretly with Saudi Arabia's King Fahd aboard the Saudi royal yacht off the French Riviera in early 1984 in an effort to persuade Fahd to provide covert funds for the contras in Nicaragua and rebels in Angola, according to a source close to the talks.

The source, a U.S. businessman, said that in addition to seeking money for the contras and Angolan rebels, Casey also urged Fahd to provide oil for South Africa.

The businessman, who asked not to be identified, said he met with Prince Bandar Bin Sultan, the Saudi ambassador to the United States, shortly after the Casey-Fahd cruise ended on about Feb. 19, 1984.

Bandar, the source said, had accompanied Casey to southern France. The meeting between the ambassador and the businessman took place at the Majestic Hotel in Cannes, the businessman said.

The Saudi ambassador sought the meeting, according to the source, to try to coax him into cooperating with retired Air Force Maj. Gen. Richard Secord. Secord "approached me four or five times" to get involved in the operations, the source said.

"Bandar wanted me to act as a business front for Secord," the source said.

Bandar mentioned the Fahd-Casey meeting, "to let me know that what he asked for had the blessing of the (Reagan) administration," the source said.

He said he did not know whether the Saudis agreed to provide funds for any covert operations at the February meeting.

A spokesman for the CIA said: "We never comment on the director's travel."

The Examiner reported in July that the Saudis had been funding the contras and other anti-communist guerrillas as an informal payback tied to its purchase of airborne warning and control systems, or AWACS, planes from the United States in 1981.

Secord was involved in the secret AWACS negotia-

tions with the Saudis as deputy assistant secretary of Defense for Near East, African and South Asian affairs, the Defense Department's top Middle East official. He left in May 1983.

He has acknowledged belonging to a partnership that last year sold a small Maule short-takeoff-and-landing plane to the contras for \$49,000.

The businessman also said he was a guest of King Fahd in May 1985 at his palace in Jidda.

"The king tried to convince me that what the prince (Bandar) discussed is good for the United States of America. It's very difficult to say 'no' to a king, but I tried in a very nice way by saying 'I'll only fumble it and screw it up.'"

He said Bandar originally sent Secord to see him at his California office in 1983 and "asked me if I could help him. He said Secord was very helpful to Saudi Arabia on the AWACS in 1981 and said the pro-Israeli lobby had driven him out of the Pentagon."

Bandar, the source said, added that "we should show our appreciation so it's clear we take care of our friends." He said the Saudi envoy suggested they work together "to funnel certain equipment and materials to places that he termed 'friendly to Uncle Sam.'"

"When I told him that I didn't want to, Bandar said, 'Don't worry, I'll supply you with the people.'" The Saudi ambassador subsequently sent the businessman resumes of both Secord and Robert H. Lilac, the former director of political-military affairs at the National Security Council.

Lilac, the former commander of the U.S. Air Force Logistics Command in Saudi Arabia, left the White House post in 1983 to work for Litton Industries. He now works for Bandar in the Saudi Embassy.

"I met Secord a number of times after that," most recently in April 1985, before he left for the meeting in Saudi Arabia with Fahd, the businessman said.

"It was when Reagan was having trouble in Congress and he (Secord) talked specifically about raising \$14 million to buy materials for some areas in which we can be of help," he

said. "The implication was clear that it was ammunition and military-type of equipment," for Nicaragua and Angola.

The Reagan administration has sought congressional funding to provide Stinger shoulder-fired missiles to rebels fighting the Soviet-backed Angolan government.

Published reports this month also suggested that Saudi Arabian officials provided \$20,000 to fund the operation in which a cargo plane was shot down Oct. 5 in Nicaragua.

A spokesman for the Saudi Embassy denied any link of that operation to his government.

A report in the Long Island newspaper Newsday cited Senate Intelligence Committee staff sources as suggesting the Saudi officials may have acted in a private capacity, possibly through Secord.

Secord has denied any connection with the flight or any contra supply operation.